Environment and Climate Change Canada | Environnement et Changement climatique Canada

Two-year Risk-based Audit Plan, fiscal year 2018 to 2019 to fiscal year 2019 to 2020

April 2018

Canada

Cat. No.: En4-341/2018E-PDF
ISBN: 978-0-660-27562-8

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Two-year Risk-based Audit Plan FY 2018 to 2019 to FY 2019 to 2020

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List of acronyms and abbreviations

Acronym or abbreviation	Full name
AEB	Audit and Evaluation Branch
AU	Audit universe
CAE and HE	Chief Audit Executive and Head of Evaluation
CRP	Corporate Risk Profile
DAC	Departmental Audit Committee
DRF	Departmental Results Framework
FTE	Full-time equivalent
FY	Financial year
G&C	Grants and contributions
IIA	Institute of Internal Auditors
IM	Information management
IT	Information technology
MAF	Management Accountability Framework
OAG	Office of the Auditor General
OCG	Office of the Comptroller General
OPP	Ocean Protection Plan
PAA	Program Alignment Architecture
PCF	Pan-Canadian Framework
PD	Person-days
PMERC	Performance Measurement, Evaluation and Results Committee
PSC	Public Service Commission
RBAP	Risk-based audit plan
TB	Treasury Board

Executive summary

The Audit and Evaluation Branch (AEB) of Environment and Climate Change Canada (ECCC) has prepared a risk-based audit plan (RBAP) that contains the planned internal audits for a two-year cycle, from 2018 to 2020.

The RBAP was developed in accordance with the requirements of the Treasury Board of Canada (TB) Policy on Internal Audit and its related directives and guidelines, as well as the guidance provided by the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing.

RBAP process and project selection

Each year, the ECCC Chief Audit Executive (CAE) is required to prepare an RBAP. This plan sets out the priorities for the internal audit activity, in keeping with the organization's goals and priorities. In preparing the current plan, the AEB sought input from ECCC's Departmental Audit Committee (DAC), as well as ECCC's senior management. It took the comments and suggestions received under advisement in setting the internal audit activity priorities for fiscal year 2018 to 2019 to fiscal year 2019 to 2020.

The starting point for the risk-based planning process was the identification of the audit universe. However, planning for the RBAP occurred during a transition that all federal Government departments were going through in moving from a Program Alignment Architecture (PAA) structure to a Departmental Results Framework (DRF), to comply with the TB Policy on Results (2016). As an interim measure, the AEB chose a streamlined approach using last year's audit universe and a focus on risk areas identified by senior management. For subsequent RBAPs, the AEB will organize the audit universe according to the new DRF and updated program risk registries for fiscal year 2018 to 2019.

Using the previous audit universe descriptions corresponding to the ECCC branch structure, the AEB updated its knowledge of the audit universe for new programs, priorities and initiatives. It also used the following to assess the completeness of the audit universe:

- the priorities identified in the Departmental Plan and the ECCC Minister's mandate letter
- the Department's relevant legislation
- the Departmental Corporate Risk Profile and Risk Registers
- the latest Management Accountability Framework (MAF) assessment
- the Government of Canada priorities
- previous audit results (both internal and external)
- previous evaluation results

Internal audit takes risks into account to identify or help determine the scope of planned projects. Risks are assessed according to the likelihood of occurrence and the potential impact of an

occurrence. Programs, management activities, processes, policies and control functions, along with departmental and government-wide initiatives, are subjected to a risk assessment and risk-ranking exercise to select audit projects in order of priority. The rationales and results were reviewed with senior management and DAC and provided to the DM for approval.

The audit and evaluation functions held joint consultations with senior management and staff, to ensure that the planning process for both functions was effective, efficient and coordinated. As a result, this year's RBAP update includes a potential joint audit and evaluation project. Collaborative efforts in the project will range from conducting joint interviews and collecting and sharing information, to conducting hybrid audit and evaluation engagements.

Nine of the highest priority internal audit projects and one review are planned for the next two years, with three projects carried over from fiscal year 2017 to 2018, for reporting in fiscal year 2018 to 2019. The RBAP will be reviewed with DAC during the year and modified as appropriate.

External assurance providers

The Department is also subject to audits by external assurance providers. The Office of the Auditor General (OAG) annually conducts an audit of Public Accounts, and the Commissioner of the Environment and Sustainable Development (CESD) has planned 10 audits to take place during in fiscal years 2018 to 2019 and 2019 to 2020. The present RBAP has taken into account the coverage and frequency of these engagements when assessing risk and selecting projects, to avoid duplication. Where applicable, the work of these external assurance providers may be relied upon for specific projects. As well, horizontal audits planned by the Office of the Comptroller General are presented for information. ECCC may be scoped in for some of these future projects.

Other audit-related activities

The CAE reports biannually to the Deputy Minister and DAC on management progress in implementing recommendations from past audits. The report helps identify significant delays or changes to action plans and associated risks.

The AEB will continue to conduct periodic internal quality assessments and to implement recommended improvements. An external practice inspection of the Quality Assurance Improvement Program (QAIP) is planned for the 2018 to 2019 fiscal year.

Audit resources and capacity

The Internal Audit Division forecasts a budget of $1.8 million, with 14.6 indeterminate full-time equivalent employees for fiscal year 2018 to 2019. The Internal Audit Division shares resources with the Evaluation Division for branch administration, the provision of support to committees, the publication of reports and follow-up on recommendations.

1. Introduction

The Treasury Board of Canada (TB) Policy on Internal Audit seeks to ensure that the oversight of public resources throughout the federal public administration is informed by a professional and objective internal audit function that is independent of departmental management.

The policy requires the Deputy Minister to approve a risk-based audit plan (RBAP) that spans multiple years, focuses primarily on providing assurance that the Department's activities are managed responsibly and considers departmental areas of high risk and significance. The RBAP also takes into consideration the horizontal audits led by the Comptroller General, planned audits led by external assurance providers and other departments, as appropriate, as well as other oversight engagements.

The Audit and Evaluation Branch (AEB) prepared this document for the consideration of the Deputy Minister. It presents the internal audits planned for fiscal year 2018 to 2019 to fiscal year 2019 to 2020 and supports the allocation of audit resources to those areas that represent the most significant risks to the achievement of ECCC's objectives. In considering the appropriateness of the plan, the Deputy Minister is advised by an independent Departmental Audit Committee (DAC), composed of four members external to the federal Government.

ECCC's DAC reviewed the RBAP at its March 20, 2018, meeting and recommended that the plan be presented to the Deputy Minister for approval. The RBAP was approved by the Deputy Minister on June 18, 2018.

2. The role of internal audit

The role of ECCC's internal audit function is to ensure that, in conjunction with advice from DAC, the Deputy Minister is provided with independent assurance on whether departmental activities are managed in a way that demonstrates responsible stewardship to Canadians. The internal audit function fulfills this role by bringing a systematic, disciplined approach to assessing and improving the effectiveness of the Department's risk management, control and governance processes.

The scope of work of the internal audit function is to assess if ECCC's network of risk management, control and governance processes designed and represented by management is adequate and functioning, such that:

- risks are appropriately identified and managed
- managerial, financial and operational information is accurate, reliable and timely
- compliance with policies, standards, procedures and applicable laws and regulations is achieved
- resources are acquired economically, used effectively and adequately protected
- program plans and objectives are achieved
- quality and continuous improvement are fostered in the Department's control processes

- legislative or regulatory issues affecting the Department are recognized and addressed properly

3. Planning context

Departmental context

ECCC's business is protecting the environment, conserving the country's natural heritage and providing weather and meteorological information to keep Canadians informed and safe. The Department engages with provinces, territories, Indigenous peoples and others to reduce greenhouse gas emissions, drive clean growth, develop efficient regulatory instruments and support adaptation and resilience to climate change domestically and internationally. Program activities support the following core responsibilities:

- taking action on clean growth and climate change
- preventing and managing pollution
- conserving nature
- predicting weather and environmental conditions

As a large and diverse organization, ECCC must respond to a wide range of risks and opportunities. The Department's approach to risk management is detailed in its Integrated Risk Management Framework, which recognizes that a solid understanding of the risk environment is key to achieving established business objectives.

ECCC management also works at identifying operational risks, assessing their potential impact and putting in place mitigation measures, to bring them to an acceptable level. The main external, strategic and operational risks of ECCC are outlined in the Corporate Risk Profile (CRP), where the level of risk (likelihood and impact), mitigation strategies and key accountabilities are identified. ECCC's branches also consider, either formally or informally, their specific risks and mitigation strategies when developing and delivering their programs and services.

The identified priorities and risks will continue to guide the Department for the period covered by this RBAP and the selection of audit projects.

Planning considerations

A number of requirements and considerations stemming from the TB policies, directives and guidelines drive audit planning in the federal Government. As per the Policy on Internal Audit, the Chief Audit Executive (CAE) is required to prepare an RBAP, which sets out the priorities of the internal audit activity that are consistent with the organization's goals and priorities. The annual audit planning process ensures that internal audit activities are relevant, timely and aligned with ECCC's CRP, to support the achievement of the Department's strategic objectives.

In general terms, the AEB's approach to planning considers the following key elements and principles:

- A planning exercise is conducted before the start of each fiscal year, in consultation with senior executives, relevant ECCC governance committees and, as appropriate, with the Office of the Comptroller General (OCG).
- An initial review is based on the AEB's knowledge of program risks and priorities and consideration of a number of key sources and documents, including the Departmental Plan (DP) and the CRP.
- Where appropriate, the AEB takes into account similar risks and projects identified by key partner departments (for example, science-based departments and agencies), and considers opportunities for collaboration and joint audits and evaluations.
- A review of the plan ensures that all mandatory requirements are met, including fulfilling commitments specified in the Policy on Internal Audit, its directive and guides.
- The plan is developed to reflect an adequate resource allocation that factors in available AEB resources, capacity and expertise and considers the capacity of ECCC branches and program areas to accommodate multiple projects.

4. Developing the risk-based audit plan

Identifying the audit universe

As a first step in updating the RBAP, the AEB reviewed the audit universe to confirm that it was still valid. The audit universe is a collection of all auditable units that generally correspond to programs or major organizational units. However, at the time of developing this RBAP, a full review was not feasible. Planning occurred during a transition that all federal Government departments were going through in moving from a Program Alignment Architecture (PAA) structure to a Departmental Results Framework (DRF), to comply with the TB Policy on Results (2016).

As an interim measure, the AEB chose a streamlined approach using the previous year's universe, with a focus on risk areas identified by senior management. The process was also informed by the AEB's internal scan. For subsequent RBAPs, the AEB will organize the audit universe according to the new DRF and updated program risk registries for fiscal year 2018 to 2019.

The AEB also used the following elements to assess the completeness of the audit universe:

- the priorities identified in the Departmental Plan and the ECCC Minister's mandate letter
- the Department's relevant legislation
- the Departmental Corporate Risk Profile and Risk Registers
- the latest Management Accountability Framework (MAF) assessment
- the current Government of Canada priorities
- previous audit results (internal and external)
- previous evaluation results

Consulting with ECCC senior management

The CAE and her staff engaged with senior management through targeted consultations. Joint audit and evaluation consultation sessions ensured that the planning process for both functions was effective, efficient and coordinated. Discussions sought to:

- explain the audit and evaluation planning processes
- discuss the risk assessment and other considerations
- provide a rationale for the proposed audit projects
- validate the proposed highest priority audit projects in the RBAP

This year's RBAP is the result of discussions at each ECCC branch executive management table. It was also reviewed at the ADM Corporate Operations Committee (March 13, 2018, meeting). As well, DAC discussed the proposed plan at its March 20, 2018, meeting and recommended the RBAP for approval by the Deputy Minister.

External assurance providers

The Department is also subject to audits performed by external assurance providers such as the Office of the Comptroller General (OCG), the Office of the Auditor General (OAG), the Commissioner of the Environment and Sustainable Development (CESD) and the Public Service Commission (PSC). The AEB coordinates audits performed by external organizations. It also provides advice, guidance and assistance to the Deputy Minister and senior managers throughout the duration of these projects. In addition, the external audit liaison function assists with managing responses to environmental petitions received from the CESD. The AEB allocates 2.5 full-time equivalent employees to manage all external audits and petitions.

The present RBAP takes into account the coverage and frequency of planned external audit engagements. They are factored into the assessment of risks and the selection of projects. Table 1 identifies the known planned or ongoing CESD and OAG audit projects where ECCC is involved in fiscal years 2018 to 2019 and 2019 to 2020. The OCG's planned audits are also listed for information, since ECCC may be scoped in on some of these future projects.

Wherever possible, the AEB will leverage external audits to optimize the coverage and timing of its own planned audits and minimize duplication. The AEB may also be conducting OCG-led horizontal internal audits.

Table 1: planned external audit projects for fiscal years 2018 to 2019 and 2019 to 2020

External assurance provider	Planned audits	Tabling date
Commissioner of the Environment and Sustainable Development	Assessing Progress towards Biodiversity Commitments and Targets	Spring 2018
	Canada's Preparedness to Implement UN Agenda 2030 - Sustainable Development Goals	Spring 2018
	Impacts of Marine Transport on Marine Mammals	Fall 2018
	Departmental Progress in Implementing Sustainable Development Strategies	Fall 2018
	Toxic substances and Enforcement of the Canadian Environmental Protection Act, 1999 (CEPA)	Fall 2018
	Audit of Mining Effluent Regulations	Spring 2019
	Follow-up Audit on Invasive Species	Spring 2019
	Audit of Fossil Fuel Subsidies	Spring 2019
	Follow-Up Audit on Mitigating the Impacts of Severe Weather	Fall 2019
	Audit of Corporate Social Responsibility in the Mining Sector	Fall 2019
Office of the Auditor General	Consolidated Financial Statements	Fall 2018
Office of the Comptroller General (Note: ECCC's participation to be confirmed)	Audit of Project Management (Starting Q1 of 2018 to 2019)	Winter 2020
	Audit of Information Technology Security Management - Phase II (Starting Q2 of 2018 to 2019)	Spring 2020
	Audit of Regulatory Compliance and Enforcement Frameworks (Starting Q1 of 2019 to 2020)	Fall 2020
	Audit of Information for Decision Making (Starting Q3 of 2019 to 2020)	Spring 2021

Assessing risks for project selection

Internal audit takes risks into account, to identify or to help determine the scope of planned projects. Risks are assessed according to the likelihood and the potential impact of an occurrence. Programs, management activities, processes, policies and control functions, along with departmental and government-wide initiatives, are subjected to a risk assessment and risk-ranking exercise, to select audit projects in order of priority and significance.

The independent risk assessment conducted by the AEB included the following considerations:

- an initial review based on the AEB's knowledge of ECCC's programs and priorities and consideration of a number of key sources and documents, including the CRP and branch risk assessments
- consideration of other related risk assessments (for example, the OCG's risk-based internal audit plan, the AEB's previous Fraud Risk Assessment)
- consideration of similar risks and projects identified by key partner departments (for example, science-based departments and agencies)
- consultations with senior executives, as well as with DAC, the Deputy Minister and the Associate Deputy Minister

The risk assessment also refers to sources such as work done to complete the previous RBAP, audit intelligence obtained through meetings with DAC and senior management, TB submissions and information and direction received from external assurance providers.

The criteria used to assess risk and select audit projects for the RBAP included:

- audit projects from the previous year's RBAP that were under way but had not been completed
- past audits that covered a component of the audit universe and the resulting findings and management action
- significant changes or additions to the departmental mandate
- materiality
- significance to management
- level of risk in relation to achieving departmental or governmental objectives
- major changes in governmental or departmental policy
- auditability
- organizational priorities
- high priority areas identified by external assurance providers such as the OCG, the CESD and the OAG, among others
- opportunities for improvement
- legislated or other mandated obligations

The RBAP has been designed to ensure coverage of all high priority and significant audit issues over a two-year period. Because the RBAP is updated annually, the emphasis in the current document has been placed on projects planned for the first fiscal year of the two-year plan.

In assigning an overall rating to a proposed audit or review project, risks were considered according to the likelihood of occurrence and the potential impact of an occurrence. Where both were rated as high, the overall risk rating and audit priority ranking was high. Although either the likelihood or the

impact may be rated as only moderate, if the corresponding impact or likelihood is high, the overall risk rating and audit priority ranking may in certain cases also be classified as high. Table 2 describes the audit priority ranking that the AEB used to choose audit projects.

Table 2: audit priority levels

Audit priority	Description
High	Audit projects associated with these auditable entities are considered important audit priorities and should be audited within the identified multi-year planning cycle. Ideally, these audits should take place during the two fiscal years of this RBAP.
Moderate	Audit resources may be expended on audit projects that are associated with these auditable entities; however, these areas are only of moderate audit priority. Little justification exists to expend a significant level of audit resources on the audit projects associated with these auditable entities within the current cycle. As such, consideration will be given to auditing these projects during the next planning cycle of the RBAP (that is, outside of the current two-year plan).
Low	Little to no justification exists to expend a significant level of audit resources on the audit projects associated with these auditable entities. A re-evaluation of the risks associated with this component of the audit universe may be undertaken for the next RBAP cycle.

Each internal audit project included in the 2018 to 2020 RBAP was selected based on its potential to add value to ECCC's strategic outcomes and operational objectives through the continuous improvement of governance, risk management and control processes. Professional judgment and the information gained from discussions with ECCC senior management and their management teams were used to assess risk and rank the auditable entities. Before completing the final list of projects, several factors were taken into consideration, including:

- the significance of the audit to the Department's overall strategic outcomes and operational objectives
- the readiness of the program area or corporate service function for the audit to occur
- the availability of resources to complete the audit at the designated time
- management priorities
- the timing of known external audits and planned evaluations

5. ECCC internal audit projects for fiscal years 2018 to 2019 and 2019 to 2020

All internal audit projects included in the present RBAP were ranked as having an overall high risk. Table 3 presents an overview of the planned projects, by fiscal year of tabling. Three audit projects were carried over from fiscal year 2017 to 2018: the Audit of expenditure management and controls,

the Audit of enforcement management and operations and the Audit of the management of grants and contributions. The plan also includes a potential joint audit and evaluation project. Collaborative efforts on this joint project may range from conducting joint interviews and collecting and sharing information, to conducting hybrid engagements.

Details and additional information on the audit projects selected for fiscal years 2018 to 2019 and 2019 to 2020 are provided in Appendix A.

Table 3: overview of planned ECCC internal audit projects, by fiscal year of tabling

FY 2018 to 2019	FY 2019 to 2020	FY 2020 to 2021
Audit of expenditure management and controls (June 2018)	Review of the management of pay and benefits processes (advisory project) (June 2019)	Audit of project management (June 2020)
Audit of enforcement management and operations (June 2018)	Audit of the management of the Oceans Protection Plan – ECCC Component (June 2019)	Audit of information management (November 2020)
Audit of the management of grants and contributions (November 2018)	Audit of occupational health and safety (November 2019)	Audit of the implementation of the Nature Legacy for Canada (November 2020)
Audit of infrastructure renewal within the Meteorological Service of Canada (March 2019)	Audit of the implementation strategy for Greening Government Operations (March 2020)	
Joint Audit/Evaluation of the management of the Pan-Canadian Framework (March 2019)	Audit of the management of consultations with Indigenous Peoples (March 2020)	

6. Other related activities

Follow-up on past audit recommendations

The AEB is required by Treasury Board policies to regularly monitor and report on the implementation of management actions and commitments made in response to internal and external audit recommendations. The follow-up process allows management to provide, on an ongoing basis, evidence of actions taken and deliverables completed in response to the audit recommendations. The audit team is responsible for validating the implementation of actions and completion of deliverables. The CAE reports biannually to the Deputy Minister, DAC and the Performance Measurement, Evaluation and Results Committee (PMERC) on progress on the implementation of management responses to recommendations, flagging any significant delays or changes to action plans and planned deliverables, as well as any associated risks.

Quality assurance and improvement program

The Quality Assurance and Improvement Program (QAIP) includes the ongoing and periodic assessment of the entire spectrum of audit and related activities, in accordance with the IIA's International Professional Practices Framework and the TB Policy on Internal Audit and Directive on Internal Audit. The AEB's internal audit function will be subjected to an external practice inspection in fiscal year 2018 to 2019. This external assessment is required at least once every five years. ECCC's last practice inspection took place in fiscal year 2013 to 2014.

7. Resources and capacity

As shown in Table 4, the implementation of the present RBAP is included in the AEB's 2018 to 2019 planned budget of $3.3 million, with an estimated total of 27.6 FTEs.

Table 4: Audit and Evaluation Branch planned budget for fiscal year 2018 to 2019

Divisions	Planned Budget for FY 2019 to 2019[1]			FTEs
	Salary	O&M	Total	
Office of the Chief Audit Executive and Head of Evaluation	$319,535	$44,492	$542,899	3.0
Branch Administration	$178,872	$111,454	$111,454	2.3
Internal Audit	$943,659	$275,551	$1,219,210	9.6
Professional Practices and Liaison	$374,185	$5,300	$379,485	4.3
Evaluation	$787,854	$128,356	$916,210	8.5
TOTAL Divisions	**$2,604,105**	**$565,153**	**$3,169,258**	**27.6**
Departmental Audit Committee	$90,000	$18,250	$108,250	0.0
Sub-Total	**$2,294,105**	**$583,403**	**$3,277,508**	**27.6**
Predetermined Projects[2]	$0	$0	$0	0.0
TOTAL Branch	**$2,294,105**	**$583,403**	**$3,277,508**	**27.6**

[1] The 2018 to 2019 planned budget represents the resources required to maintain the AEB's core capacity and deliver the Risk-Based Audit Plan and the Departmental Evaluation Plan. It includes both A-base and B-base funds.

[2] Predetermined Projects are B-base funds that are identified in TB submissions for the conduct of specific evaluations. These funds cannot be used for other purposes and normally vary from year-to-year, depending on the specific programs and approvals. For fiscal year 2018 to 2019, no B-base fund was approved.

The Internal Audit Division shares resources with the Evaluation Division for the provision of support to committees, document editing and web publication and follow-up on recommendations. As shown in Table 5, the budget for internal audit is $1.8 million, with 14.6 indeterminate FTEs to provide audit and advisory services. The AEB has the mix of skills that will allow it to carry out most of its audits without having to resort to outsourcing; however, if an audit project requires a specific expertise, the AEB will use contracted experts to complete the audit team.

Table 5: audit-related activities planned budget for fiscal year 2018 to 2019

Item	FY 2018 to 2019 Approved Budget
Salaries[1]	$1,513,386
Professional Services[2]	$194,700
Training[3]	$15,134
Operations and Maintenance[4]	$118,878
TOTAL	**$1,842,098**
Number of FTEs - Indeterminate	14.60
Number of FTEs - Term (include students and casuals)	1.25
TOTAL FTEs	**15.85**

[1]The salaries include casuals, as well as 50% of the Chief Audit Executive and Head of Evaluation's office, 50% of the administrative function, 100% of Professional Practices and 50% of the committee coordination. The total excludes DAC members' per diems.

[2]Amounts only include consultant fees related to audit and review projects. They do not include translation and editing fees.

[3]Training is based on 1% of the salary requirements.

[4]Operations and Maintenance include 50% of the Chief Audit Executive and Head of Evaluation's office, 50% of the administrative function and 50% of the Professional Practices and Liaison function. The total excludes DAC expenditures.

The AEB's management team is committed to delivering the audit and evaluation projects planned for fiscal year 2018 to 2019. Should the feasibility of delivering on the RBAP be constrained by available resources or other factors, the CAE will bring the issue to DAC's attention, and will recommend any necessary changes to the Deputy Minister. Appendix B sets out the details of the estimated resources (both in terms of personnel and funding) needed to carry out all of the AEB's responsibilities pertaining to internal audit for the 2018 to 2019 fiscal year.

Appendix A: description of ECCC planned audits

This section provides details on the preliminary objectives, scope and rationale for each internal audit project included in this audit plan. Both the objectives and the scope will be updated at the end of the planning phase of the audit. The order of the implementation of the projects may change to accommodate resource requirements and availability, changing priorities, the occurrence of external audits that require ECCC's participation and other circumstances beyond the AEB's control.

1. Audit of expenditure management and controls	**Audit priority: High**
Lead Branch: Corporate Services and Finance Branch (CSFB) **Start/Tabling:** March 2016/June 2018	
Preliminary objective and scope	The audit will provide assurance that key expenditure management processes and controls comply with Treasury Board policies and requirements, and that expenditure controls and processes are operating effectively and efficiently.
Rationale	An effective expenditure management framework and controls ensure that the integrity, accountability and transparency of public money spending are maintained to a high standard and sustain sound stewardship of financial resources. Identified departmental risks: • Uncertain changes and additional requirements due to system and development issues may negatively impact SAP closing and reconciliation • Various recent initiatives and system implementations with likely control implications **Other considerations:** • Periodic review of core controls is OCG requirements • Impact of SAP and business process implementation • External reporting implications (for example, financial statements, Departmental Results) • Various expenditure compliance requirements (for example, travel, hospitality, events) • Review and analysis of IT expenditure patterns requested by client
2. Audit of enforcement management and operations	**Audit priority: High**
Lead Branch: Enforcement Branch (EB) **Start/Tabling:** June 2016/June 2018	
Preliminary objective and scope	The audit will assess the effectiveness of the management control framework in place as it relates to governance, risk management and internal controls to support the Department's enforcement operations.
Rationale	Effective enforcement of the environmental legislation and regulations ensures the protection of the environment and the health of Canadians. As well, effective enforcement of Canadian wildlife legislation protects, respects and conserves wildlife

	and their habitat. A robust framework to plan, measure and report on enforcement activities supports the Enforcement Branch in its role of ensuring that companies and individuals comply with Canada's federal environmental and wildlife protection acts and regulations. **Identified departmental risks:** • Lack of predictability and consistency in enforcement across the country due to regional dispersion and the lack of standardized business processes. • The Enforcement Branch may be unable to recruit, develop and retain the skills and experience necessary to deliver its mandate and achieve its strategic outcomes. **Other considerations:** In 2011, the Commissioner of the Environment and Sustainable Development (CESD) completed an audit on enforcing the Canadian Environmental Protection Act (CEPA), 1999, which only involved the ECCC's Environmental Enforcement Directorate (EED). The CESD examined whether ECCC's enforcement program was well managed to adequately enforce compliance with CEPA 1999. The audit concluded that the enforcement program was not well managed to adequately enforce compliance with the CEPA 1999 and ensure that threats to Canadians and their environment from pollution are minimized. Although, ECCC disagreed with the conclusions of the audit, the Department accepted the six recommendations from the CESD.
3. Audit of the management of grants and contributions	**Audit priority: High**
Lead Branch: Corporate Services and Finance Branch (CSFB) **Start/Tabling:** Jan 2018/Nov 2018	
Preliminary objective and scope	The audit will provide assurance on the adequacy and effectiveness of the management framework and controls over grants and contributions (G&C), to ensure compliance with the transfer payment policy, financial policies and funding agreements.
Rationale	ECCC manages a large number of G&C funds. Treasury Board (TB) is very interested in their management. G&Cs are integral to a number of the Department's programs. In FY2016 to 2017, ECCC spent $150 million in transfer payments. **Identified departmental risks:** • Ineffective management or controls of G&Cs could impact financial stewardship, the delivery of programs and compliance with the TB Policy on Transfer Payments. **Other considerations:** • The G&C process was identified as high-risk during consultations conducted in previous years; a 2013 internal audit identified areas for improvement.
4. Audit of infrastructure renewal within the Meteorological Service of Canada	**Audit priority: High**
Lead Branch: Meteorological Service of Canada (MSC) **Start/Tabling:** April 2018/March 2019	

Preliminary objective and scope	The audit will assess the management control framework established to support the continual renewal of mission-critical infrastructure within the MSC. It will focus on the effectiveness of governance, risk management and controls over the capital spending on the MSC's physical assets for weather observations and their lifecycle management.
Rationale	Investments in infrastructure are a priority for the Government of Canada. The prudent management of infrastructure is a high priority for the MSC. It requires significant investment in a capital-intensive asset base to support the core responsibility of "predicting weather and environmental conditions". In addition, the Department must continue to respond to the CESD 2008 and 2016 audit recommendations pertaining to the MSC's management of infrastructure, as well as to the AEB 2014 Audit of capital assets. These three audits emphasize the need to ensure effective lifecycle management of critical infrastructure. As part of a 10-year renewal plan, the MSC obtained additional funding in Budget 2011 and Budget 2013 to renew its scientific and technical infrastructure. The plan is funded using a mix of incremental B-Base funding and by earmarking a portion of the MSC's A-Base funding. Key deliverables under this plan include addressing immediate risks to weather monitoring infrastructure, including the replacement of the weather radar network with modern radars. **Identified departmental risks:** • Key services and information for Canadians, partners and others may be impeded either as a consequence of reliance on worn-out essential infrastructure and systems or their failure. • In recent years, the Corporate Services and Finance Branch (CSFB) has identified as high-risk the fact that some capital assets are not being managed in accordance with best practices in materiel management (for example, lifecycle management), asset accounting and investment planning. • The MSC noted that site remediation and decontamination activities may not be undertaken due to a lack of resources. **Other considerations:** ECCC is accountable for the considerable additional and internal funding to modernize mission-critical infrastructure. The CESD 2008 audit raised concerns over the rusting out of infrastructure and the absence of lifecycle management. The CESD 2016 audit raised concerns over investment strategies. The 2014 AEB Audit of capital planning made observations that linked to the 2008 CESD audit, showing that little progress had been made. CSFB is now able to support better lifecycle asset management for the MSC through the Assets Management Module of SAP. An audit at this time would provide assurance on whether, after many years of effort, lifecycle management has been entrenched in the MSC's stewardship of its assets; it would also provide assurance on whether expected progress is being made against the 10-year renewal plan.

5. Joint Audit/Evaluation of the management of the Pan-Canadian Framework	**Audit priority: High**
Lead Branch: Pan-Canadian Framework Implementation Office (PCFIO) **Start/Tabling:** April 2018/March 2019	
Preliminary objective and scope	The joint audit/evaluation will assess the readiness of ECCC to properly manage the Pan-Canadian Framework (PCF) through established governance, risk assessment and management processes and controls. The project will focus on the governance and accountability framework in place; management risk assessment mechanisms; management controls and reporting; and mechanisms in place for liaison with other stakeholders. The project will examine more closely a sample of activities included in the Results and Delivery Charter for Effective Action on Clean Growth and Climate Change.
Rationale	The PCF is a high priority undertaking for the Government. It has developed a federal-provincial agreement to put a price on CO2 emissions. The PCF will involve major spending under a number of categories. The Government is setting up a centralized secretariat (Centre for Greening Government) within the Treasury Board Secretariat, to support departmental accountability for monitoring results in greening their own operations. The Government has also drafted the Results and Delivery Charter for Effective Action on Clean Growth and Climate Change, which details the key federal roles and accountabilities for results, measuring results and reporting results. Annex 2 of the Charter sets out the full spectrum of current federal measures and other climate change reporting requirements for which data will need to be collected to monitor action. The PCF has four pillars: pricing carbon pollution, taking action in each sector of the economy, adapting to climate change and supporting clean technologies, innovation and job creation. ECCC is the lead on a number of activities within this new initiative. It has the lead for the Low Carbon Economy Fund ($2.0 billion), and will invest $2.65 billion by 2020 "to help developing countries transition to a low carbon, climate resilient economy". A new branch was created, under the direction of an assistant deputy minister, with the responsibility of dealing with the implementation of the PCF. The Pan-Canadian Framework Implementation Office (PCFIO) has developed five specific priorities of its own. **Identified departmental risks:** • Most branches have identified as an important (high) risk that they may be challenged to keep pace with technological advances and meet IM/IT needs; this could impact the management of the necessary data. • The PCFIO has identified a number of specific risks related to the implementation and effectiveness of the PCF. **Other considerations:** A number of specific measurement and reporting responsibilities were identified in the Charter. An audit at this time could assist operational management and senior management in ensuring that proper management structures and controls are in place to support the governance structure envisioned in the Charter. After initial audit planning, this subject area may be subdivided into a number of distinct

	audits and evaluations. Given that this initiative is a high priority for the Government and the Department, an audit at this point would help ensure that management is on the right track in terms of risk management and control, within the unique governance framework established.
6. Review of the management of pay and benefits processes (advisory project)	**Audit priority: High**
Lead Branch: Human Resources Branch (HRB) **Start/Tabling:** September 2018/June 2019	
Preliminary objective and scope	The review will examine whether departmental controls for the management of pay and benefits processes are in place and are effective. In particular, the review will focus on the key controls in place at ECCC to manage compensation. Processes outside of ECCC's control will be identified, but they will not be assessed.
Rationale	Pay benefit expenses are financially material and include sensitive personal information. A failure to design and implement sufficient internal controls could put the Department at risk and could lead to employee discontent and reduced morale. In addition, these expenditures frequently become indicators of a department's prudence and probity in the management of public funds. As such, risk in this area is not only driven by materiality, but also by potential reputational risk and loss of employee and public confidence. The Deputy Minister has indicated an interest in receiving assurance that ECCC is managing pay and benefits processes adequately.
7. Audit of the management of the Oceans Protection Plan	**Audit priority: High**
Lead Branch: Environmental Protection Branch (EPB) **Start/Tabling:** October 2018/June 2019	
Preliminary objective and scope	The audit will assess the effectiveness of management and financial controls for the management of ECCC's activities under the Oceans Protection Plan (OPP), an initiative lead by Transport Canada (TC). The objective is to ensure that ECCC demonstrates appropriate stewardship and meets its obligations under the OPP. The audit will focus on the management structures and controls set up to properly control OPP spending and respond to the substantive reporting requirements (for example, TC dashboard) under the DM Committee.
Rationale	The OPP is a new initiative involving four key departments, under the leadership of TC. The planned spending over the next nine years is $2.5 billion. An interdepartmental DM Committee will ensure overall governance of the OPP project. ECCC is slated to receive only about $70 million of the total funding for this initiative, but it will need to play key advisory and informational roles if the plan is to be successful. The OPP links to a number of EPB and CSFB priorities. **Identified departmental risks:** • ECCC may not be able to respond quickly enough to new priorities and expectations in relation to the OPP. • Most branches have identified as an important (high) risk that they may be

	challenged to keep pace with technological advances and meet IM/IT needs; this could impact their responsibility to report information through the DM Committee. • The Meteorological Service of Canada (MSC), the Science and Technology Branch (STB) and the Public and Indigenous Affairs and Ministerial Services Branch (PIAMS) have identified a risk that delivery of results in the short term in areas of shared responsibility could be limited by partner efforts. • The MSC has a role to play in terms of advising on climate and weather. It has identified a risk that ECCC may not be able to respond quickly enough to new priorities and expectations to deliver timely results. **Other considerations:** This is a new Government initiative that has high visibility within the Public Service and with certain coastal or Indigenous communities. Although ECCC does not play a lead role, the scientific and weather advice it provides is necessary to ensure the success of the OPP. ECCC's reputation will depend on its ability to present clear reports to the DM Committee, demonstrating that ECCC is meeting all its targets and obligations under the plan. An audit at the earliest possible time will help management to identify any weaknesses in controls that could put not only ECCC's contribution, but the OPP as a whole, in jeopardy.
8. Audit of occupational health and safety	**Audit Priority: High**
Lead Branch: Human Resources Branch (HRB) **Start/Tabling:** December 2018/November 2019	
Preliminary objective and scope	The audit will assess the effectiveness of departmental governance, risk assessment and management controls in ensuring that effective measures for the occupational health and safety (OHS) of employees are in place, in compliance with all laws, regulations and government policies. The audit will focus on OHS initiatives and the activities in the Enforcement Branch (EB), the Canadian Wildlife Service (CWS), the Meteorological Service of Canada (MSC) and the Science and Technology Branch (STB), as well as in laboratories, which present the highest-risk situations for workers.
Rationale	Legislation is in place to safeguard the health and safety of Public Service employees. Criminal charges can be laid under the Canada Labour Code. This issue is an important component of the Department's commitment to a high standard of values and ethics. **Identified departmental risks:** • In its presentation to EMC in May 2017, HRB stated that the work carried out by ECCC staff represents some of the most hazardous in the federal Government. There have been 20 fatalities in the past 46 years. HRB also indicated that mental health is an emerging priority. • The EB and the MSC have signalled to the AEB that OHS is an area of high risk because of the likely high impact should serious incidents occur. • The MSC has specifically identified obsolete infrastructure related to hydrological

	services as an important risk to both employee and public safety. **Other considerations:** The Deputy Minister has indicated an interest in receiving assurance that the Department is managing this area adequately. OHS has not been the subject of an internal audit in recent years. An audit at this time would provide management with an overview of the effectiveness of its OHS efforts.
9. Audit of the implementation strategy for Greening Government Operations	**Audit priority: High**
Lead Branch: Corporate Services and Finance Branch (CSFB) **Start/Tabling:** February 2019/March 2020	
Preliminary objective and scope	The audit will assess the adequacy of ECCC's actions to contribute to a low-carbon Government goal. The project will focus on the governance and accountability framework in place; the risk assessment mechanisms and controls; and the mechanisms for reporting on the implementation strategy for Greening Government Operations.
Rationale	The reporting on the reduction of greenhouse gas emissions, including climate change adaptation through adequate departmental assets, services and operations, was found to be a high priority, not only for the Department's senior management but also for the whole of Government. The greening of Government operations will support Canada's sustainability goals, which were set under the Paris Agreement on Climate Change and in the Pan-Canadian Framework on Clean Growth and Climate Change. The departmental implementation strategy must also be consistent with the UN Agenda 2030 for Sustainable Development and the Federal Sustainable Development Strategy. Under the Federal Sustainable Development Act, departments are required to develop sustainable development strategies, which should include each department's own objectives and plans and contribute to the Government's overall commitments. As a lead-by-example department, ECCC will take action to meet the low carbon Government goal. ECCC is currently setting in motion its implementation strategy for Greening Government Operations. **Identified departmental risks:** • ECCC's implementation strategy for Greening Government Operations should cover various and increasingly stringent Government requirements. • Current ECCC activities and equipment pose potential risks to the environment • ECCC's buildings represent the largest source of GHG emissions within its operations • ECCC's current fleet of vehicles contributes to GHG emissions • Traditional procurement practices have high carbon costs and contribute to GHG emissions • ECCC's travel practices contribute to GHS emissions • Climate change may impair business continuity (adaptation)

	Other considerations: Departmental leadership is critical for the achievement of Canada's environmental and sustainability development goals. Introduced in 2017, the Greening Government Operations Strategy sets an ambitious target of reducing greenhouse gas (GHG) emissions from federal operations by 40% by 2030 relative to 2005 levels.
10. Audit of the management of consultations with Indigenous peoples	**Audit priority: High**
Lead Branch: Public and Indigenous Affairs and Ministerial Services Branch (PIAMSB) **Start/Tabling:** May 2019/March 2020	
Preliminary objective and scope	The audit will assess the adequacy and effectiveness of the governance and management of consultation frameworks and other tools to support consultation activities with Indigenous peoples. The audit will focus on the process and the consultation mechanisms in place to oversee and track all consultation activities carried out across different branches, to ensure consistency with best practices and the evolving legal and policy context.
Rationale	ECCC has a duty to consult with Indigenous peoples on matters that may affect their Aboriginal and treaty rights. The Department also engages with Indigenous groups in delivering on its statutory and regulatory mandate, including decisions related to conservation, wildlife management and pollution prevention. The current Government has prioritized reconciliation with Indigenous peoples and has made numerous commitments to a renewed relationship based on the recognition of rights, mutual respect and dialogue. Strong, collaborative relationships and ongoing engagement with Indigenous peoples and communities are critical to fulfilling these commitments. All branches within ECCC are involved in fulfilling these obligations, particularly PIAMBS, EPB, CWS, SPB, MSC and EB. **Identified departmental risks:** • ECCC may not be fully able to meet the expectations of Indigenous groups with respect to consultation and engagement, or to provide sufficient resources to support effective consultation. Failing to fulfill the duty to consult exposes the Department to legal risk and may impact the ability of the Department to deliver on results.
11. Audit of project management	**Audit priority: High**
Lead Branch: CSFB/Chief Information Officer (CIO) **Start/Tabling:** September 2019 /June 2020	
Preliminary objective and scope	The audit will assess the effectiveness of the project management framework and controls to support the delivery of projects and compliance with relevant Treasury Board (TB) policies and directives. The audit will focus particularly on the governance mechanisms of the project management control framework and on the application of the related revised Governance and Project Management processes at ECCC.
Rationale	TB has given notice that it will be issuing a new Policy on the Management of Projects in

	2018. The OCG has indicated that project management is a high priority, and has provided departments with recent information and tools on project management. The OCG is also planning to start a horizontal audit on this topic in Q2 of 2018 to 2019. At ECCC, a new governance framework was implemented as a result of the 2017 AEB Review of Governance; as well, CSFB has implemented a new project management framework and related processes and tools. **Identified departmental risks and other considerations:** • Inadequate project management increases the risk of late delivery, excessive costs or project and program failure. The AEB has not conducted an internal audit on this significant area. There are important new initiatives under the Pan-Canadian Framework and the Oceans Protection Plan that require robust project management. Many initiatives are under way to improve ECCC project management, since it is currently not well integrated into the new governance framework. CSFB is working to get a top-down view of the priority of all projects being proposed and their sources of financing. • The new governance framework may not be properly understood and applied by programs in the context of project management. As well, the new project management framework and processes may not be properly understood and used by programs. Project management issues were also raised in the SAP implementation internal audit. All branches and the regions may not have the governance and management controls in place to properly implement the revised TB policy and the new departmental project management framework for all their planned and ongoing projects. An AEB audit in FY 2019 to 2020 would allow time for the recent ECCC changes in governance and project management to take effect. CSFB management agrees the timing of the audit would be optimal.
12. Audit of information management	**Audit priority: High**
Lead Branch: CSFB/Chief Information Officer (CIO) **Start/Tabling:** January 2020/November 2020	
Preliminary objective and scope	The audit will assess the effectiveness of the governance, the risk management framework and the controls over ECCC's management of information and compliance with relevant TB policies. The audit will focus on the governance and management processes and controls over the collection, classification, storing and sharing of information (with greater focus on structured information) and the security of documents.
Rationale	Government legislation (for example, Library and Archives of Canada Act, the Official Secrets Act) and established policies on the management of information demonstrate that information management is a priority for the Government. According to available information, a new TB policy on information management is expected in 2018; it may be revised in 2019. The Department is responsible for complying with legislation and policies. The effective sharing of information is essential to achieving the Department's mandates. **Identified departmental risks:**

	• Implementation of IM/Record Management priorities may lose momentum if an integrative change management approach is not completed • Non-compliance with TB policies and directives • Lack of effective records management system and practices • Delayed implementation of GCDocs and the new InfoSec system • MAF results indicated that ECCC is encouraged to implement a designated corporate repository, to better support collaboration and evidence-based decision making • Management practices for information management in the Department are not consistent or harmonized • Information management is not well integrated into the new governance framework and there is inconsistent oversight over a wide variety of data sets **Other considerations:** GCDocs has not yet been implemented, and no final decision has been made on its eventual implementation. Should the Department decide not to use GCDocs, measures will need to be taken to improve internal platforms such as ECollab. CSFB intends to develop more department-wide visibility of information management and bring it under a common strategy. An audit would provide assurance that ECCC is able to properly protect secure data and information. Given the timing of the expected new TB policy and its potential revision, CSFB agrees that the timing of the audit is optimal for this audit.
13. Audit of the implementation of the Nature Legacy for Canada	**Audit priority: High**
Lead Branch: Canadian Wildlife Service (CWS) **Start/Tabling:** January 2020/November 2020	
Preliminary objective and scope	The audit will assess the effectiveness of the governance, management framework and controls to support the implementation of the Nature Legacy for Canada.
Rationale	The Government of Canada has developed a Nature Legacy for Canada, to transform the implementation of the Species at Risk Act (SARA). To satisfy the obligations of the Act and achieve better conservation outcomes for species at risk, the pragmatic and transformative approach proposes to advance protection and recovery action for up to 200 terrestrial species at risk through multi-species and ecosystem-based approaches. It will focus on seven terrestrial priority places that have high biodiversity, priority species like caribou and priority sectors such as agriculture, forestry and urban development. The program also aims to advance partnerships for protection and recovery through a new Indigenous Species at Risk Partnership initiative and the Canada Nature Fund, which supports and leverages conservation funding and the actions of partners to address priority issues. And finally, it will look at ways to stabilize sunsetting funding for species assessment, listing

	and recovery planning. **Identified departmental risks:** • Non-compliance with obligations under SARA could result in damage to ECCC's reputation, inability to effectively and thoroughly consult with Indigenous partners and species being unprotected or extirpated. **Other considerations:** • Current program changes and reorganization • Legal liabilities • Previous CESD audit findings One of the priorities for ECCC is to continue to implement SARA by responding quickly to science-based advice and by taking action to implement the recovery strategies. The Minister is required to report every five years on results under the action plan for each species.

Appendix B: estimated resource requirements for FY 2018 to 2019

Audit projects and activities	Person-day allocation*	Budget (salary and O&M)
Internal audit projects		
Audit of expenditure management and controls	7	$ 3,778
Audit of enforcement management and operations	25	$ 13,433
Audit of the management of grants and contributions	219	$ 98,692
Audit of infrastructure renewal within the Meteorological Service of Canada	323	$ 176,984
Joint Audit/Evaluation of the management of the Pan-Canadian Framework	328	$ 150,534
Review of the management of pay and benefits processes (advisory project)	110	$ 78,429
Audit of the management of the Oceans Protection Plan	270	$ 113,877
Audit of occupational health and safety	169	$ 66,429
Audit of the implementation strategy for Greening Government Operations	155	$ 64,310
Review and advice (i.e. TB Subs, cabinet documents, RBAP, etc.)	201	$ 139,959
Sub-total – Internal audit projects	1,807	$ 906,425
Other internal audit function activities		
Liaison and professional practices (including follow-up activities)	778	$ 320,673
Branch administration	683	$ 453,332
Chief Audit Executive Office	324	$ 161,668
Sub-total – Other internal audit function activities	1,785	$ 935,673
Total – Internal audit function	**3,592**	**$ 1,842,098**

*Includes temporary help.